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TOWN OF CLINTON, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 04/04/01

TOWN OF CLINTON, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE TWO YEARS ENDED DECEMBER 31, 2000
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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TOWN OF CLINTON, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE TWO YEARS ENDED DECEMBER 31, 2000
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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GENERAL PURPOSE FINANCIAL STATEMENTS

JOHN D. BUTLER & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION
P. O. BOX 30
BAKER, LOUISIANA 70704-0030

(504) 775-4982

INDEPENDENT AUDITORS' REPORT

February 14, 2001

The Honorable H. Toler Hatcher, Mayor,
and Members of the Board of Aldermen
Town of Clinton, Louisiana
P.O. Box 513
Clinton, Louisiana 70722

We have audited the accompanying general purpose financial statements of the Town of Clinton, Louisiana, as of and for the two years ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Clinton's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

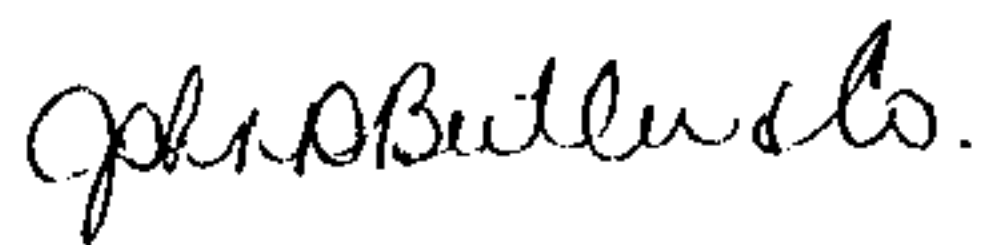
In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Clinton, Louisiana, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund type for the two years then ended in conformity with generally accepted accounting principles.

The Honorable H. Toler Hatcher, Mayor
and the Board of Alderpersons
February 14, 2001
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The required supplemental information, as listed in the table of contents, is not a required part of the general purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This required supplemental information is the responsibility of the Town of Clinton's management. It has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2001, on our consideration of the Town of Clinton, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying supplemental information listed in the table of contents under Supplemental Information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



John D. Butler & Company
A Professional Accounting Corporation

REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 of 2)

TOWN OF CLINTON

POST OFFICE BOX 513
CLINTON, LOUISIANA 70722
225-683-5531

H. TOLER HATCHER, MAYOR
EMILY BENTLEY, SECRETARY - TREASURER
LLOYD LeBLANC, MAINTENANCE SUPT.

BOARD OF ALDERMEN:
MORGAN MONTGOMERY
GEORGE KILBOURNE
JACK KILCREASE
PAMELA CALHOUN
JAMES OWENS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of this section is to offer management's discussion and analysis of the Town's financial performance during the two years ended December 31, 2000. It should be read in conjunction with the financial report taken as a whole.

OVERVIEW OF THE FINANCIAL STATEMENTS

There are two types financial statements that each present a different view of the Town as follows:

(1) The government-wide financial statements, beginning on page 7, present financial information for all activities of the Town from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as public safety and general government, separately from business-type activities which include gas, water and sewer services. These provide both short-term and long-term information about the Town's overall financial status.

(2) Fund financial statements, beginning on page 11, present information on the individual funds of the Town allowing for more detail. The measurement focus and basis of accounting used to prepare these statements is dependent on the fund type. Fund types presented are as follows:

(A) Governmental Funds – These include both the general fund and the streets and sidewalks fund which is a special revenue fund. Governmental funds use a current financial resources measurement focus and the modified accrual basis of accounting. The statements in this section represent the short-term financing of general government.

(B) Proprietary Funds – These include the gas, water and sewer fund which is an enterprise fund indicating that the activities reported here are similar to private businesses in that the expenses are to be financed through user fees. These type funds use the same focus and basis of accounting as is used to prepare the government-wide financial statements.

The notes which follow the financial statements are intended to provide further detail and explanation for the information contained in the statements.

THE TOWN AS A WHOLE

Renovations to the old post office building were completed in 2000, and inaugural ceremonies were held in the new Town Hall. Accomplishments were made in the area of flooding with the completion of the Pretty Creek project. There was approximately 10,500 ft. of sidewalks rebuilt and improved throughout the Town. Upgrades to the water and sewer systems will begin in the early part of 2001. The police department continues to upgrade its existing equipment to enhance the public safety of our citizens. Built-in cameras were installed in all police vehicles in 2000 which has helped arrest and court procedures dramatically. Computer and software purchases has improved the efficiency of the office and is still a work in progress.

The Town's combined net assets increased in 1999 by \$182,841.12 to \$2,855,236.22 and in 2000 by \$175,307.13 to \$3,030,543.35.

An 8% increase in water and sewer fees was realized as a result of fee increases early in 1999. The Town managed to realize an increase in net assets despite the rising cost of gas without passing this increase onto the consumer. There was only a 31% increase in gas revenues while purchases increased by 58%.

There was a 26% increase in general government expenditures in 2000. However, grants in the amount of \$114,503.27 were received to offset this increase.

GOVERNMENTAL ACTIVITIES

Governmental funds reported a decrease in fund balances of \$28,620.92 at December 31, 2000, and an increase of \$29,676.27 in 1999. While the revenues of governmental funds increased by 19% in 2000, the expenditures increased by 33%. This is due to two projects completed during the year. The first was flood control along Pretty Creek to improve the drainage and thus reduce the possibility of flooding in the area. The second involved rebuilding approximately 10,500 ft. of sidewalks, 1,200 ft. of 2-4 ft. high retaining walls and constructing handicap ramps along various routes within the Town. The cost was shared with the Federal Highway Administration which paid 80% of the total project. One area of concern which will be monitored closely is the fact that the fund balance of the general fund is declining.

In addition to the sidewalk project which was capitalized, the Town purchased capital assets in the amount of \$60,712.00 in 1999 and \$30,479.41 in 2000. The most significant item was a tractor/mower which was a much needed piece of equipment. A few police vehicles are purchased each year. Because these are used units when purchased, they are normally replaced between eighteen and twenty-four months.

Debt being financed through excess revenues of the general fund is \$118,020.51. This represents the balance of a \$148,500 certificate of indebtedness from Clinton Bank & Trust Co. used to purchase the old post office building to house Town Hall. Approximately 90% of the annual payments of \$19,295.11 is being financed through motor vehicle fees paid by the Office of Motor Vehicles housed in a portion of the building. Working capital is currently in excess of \$500,000.

BUSINESS-TYPE ACTIVITIES

Proprietary funds reported an increase in net assets of \$99,062.05 in 2000, and \$92,893.37 in 1999. While the revenues increased by 17%, the expenditures increased by 21% between 1999 and 2000. The most significant increase was in the area of gas purchases due to the rising cost of gas and the unusually harsh winter experienced during the months of November and December of 2000.

The gas, water and sewer fund shared in the expense to renovate the old post office building spending \$115,566.70 over the past two years. Also in 2000, \$29,306.16 was expended during the initial phases of reconstructing and repairing the sewer treatment facility. This project includes (1) adding additional aerators/mixers to the facultative cell (1st pond); (2) repairing existing baffle in the secondary cell (lemna pond) to eliminate "short-circuiting"; and (3) adding a tertiary filter system after the lemna pond for final treatment. The anticipated cost of completion is approximately \$425,000.

Authorized to borrow up to \$425,000 for the sewerage project, only \$50,000 was borrowed in 2000, at a rate of 5% from the Clinton Bank & Trust Co. Principal payments began immediately, and the remaining balance at December 31, 2000, was \$19,318.51. Additional debt held by the Town's enterprise fund consists of revenue bonds with a principal balance at December 31, 2000, of \$155,000.00 and a construction loan held by Clinton Bank & Trust Co. with a balance of \$108,409.01. These latter two debt obligations will be fully paid during 2003. Annual payment requirements are being financed through user charges.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances and to demonstrate accountability for the funds it receives. If you have questions about this report or need additional information, contact Town Hall, 11209 Bank Street, Clinton, La., (225) 683-5531.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2000

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 533,926.57	\$ 270,953.03	\$ 804,879.60
Prepaid expenses	19,664.83	6,222.00	25,886.83
Receivables, net	78,067.39	215,103.08	293,170.47
Due from other gov't. agencies	46,666.17	.00	46,666.17
Due from other funds	410,848.37	.00	410,848.37
Restricted assets:			
Cash and cash equivalents	.00	42,635.34	42,635.34
Capital assets, net	<u>341,229.56</u>	<u>1,994,014.76</u>	<u>2,335,244.32</u>
Total Assets	1,430,402.89	2,528,928.21	3,959,331.10
<u>LIABILITIES</u>			
Accounts payable	11,381.88	63,174.13	74,556.01
Due to other funds	773.90	410,074.47	410,848.37
Notes payable	118,020.51	127,727.52	245,748.03
Bonds payable	.00	155,000.00	155,000.00
Payables from restricted assets:			
Customer deposits	<u>.00</u>	<u>42,635.34</u>	<u>42,635.34</u>
Total Liabilities	130,176.29	798,611.46	928,787.75
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	223,209.05	1,711,287.24	1,934,496.29
Unrestricted	<u>1,077,017.55</u>	<u>19,029.51</u>	<u>1,096,047.06</u>
Total Net Assets	<u>1,300,226.60</u>	<u>1,730,316.75</u>	<u>3,030,543.35</u>

The accompanying notes are an integral part of this statement.

TOWN OF CLINTON, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2000

Functions/Programs Governmental Activities	Program Revenues			Net Revenues (Expenses)		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
General government	\$ 136,860.81	\$ 18,152.50	\$.00	\$.00	\$ (118,708.31)	\$.00
Public safety	215,396.01	43,311.98	1,410.46	25,000.00	(145,673.57)	.00
Public works	120,067.42	.00	5,000.00	83,092.81	(31,974.61)	.00
Interest on long-term debt	6,652.05	.00	.00	.00	(6,652.05)	.00
Total Governmental Activities	478,976.29	61,464.48	6,410.46	108,092.81	(303,008.54)	.00
Business type Activities						
Gas	317,182.26	292,755.21	.00	.00	.00	(24,427.05)
Water	114,524.88	184,473.36	.00	.00	.00	69,948.48
Sewer	134,471.37	182,059.50	.00	.00	.00	47,588.13
Total Business- type Activities	566,178.51	659,288.07	.00	.00	(303,008.54)	93,109.56
Total Primary Government	1,045,154.80	720,752.55	6,410.46	108,092.81	(303,008.54)	93,109.56
General Revenues						
Occupational licenses					75,999.50	.00
Franchise fees					85,850.63	.00
Taxes					184,946.16	.00
State revenue sharing					5,116.00	.00
Interest					17,114.24	3,020.14
Other revenues					10,227.09	2,932.35
Total General Revenues					379,253.62	5,952.49
Change in Net Assets					76,245.08	99,062.05
Net Assets, beginning, as restated					1,223,981.52	1,631,254.70
Net Assets, ending					1,300,226.60	1,730,316.75

The accompanying notes are an integral part of this statement.

TOWN OF CLINTON, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 1999

Functions/Programs	Program Revenues			Net Revenues (Expenses)		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities						
General government	\$ 109,412.92	\$ 16,711.50	\$.00	\$.00	\$ (92,701.42)	\$.00
Public safety	199,164.83	46,826.50	5,444.00	.00	(146,894.33)	.00
Public works	63,344.98	.00	.00	.00	(63,344.98)	.00
Interest on long-term debt	6,913.00	.00	.00	.00	(6,913.00)	.00
Total Governmental Activities	378,835.73	63,538.00	5,444.00	.00	(309,853.73)	.00
Business type Activities						
Gas	242,559.42	286,251.08	.00	.00	.00	43,691.66
Water	103,637.35	151,200.60	.00	.00	.00	47,563.25
Sewer	127,837.98	124,623.52	.00	.00	.00	(3,214.46)
Total Business-type Activities	474,034.75	562,075.20	.00	.00	.00	88,040.45
Total Primary Government	852,870.48	625,613.20	5,444.00	.00	(309,853.73)	88,040.45
General Revenues						
Occupational licenses					79,840.80	.00
Franchise fees					79,996.72	.00
Taxes					209,911.15	.00
State revenue sharing					6,353.00	.00
Interest					14,639.96	4,733.92
Other revenues					9,059.85	119.00
Total General Revenues					399,801.48	4,852.92
Change in Net Assets					89,947.75	92,893.37
Net Assets, beginning, as restated					1,134,033.77	1,538,361.33
Net Assets, ending					1,223,981.52	1,631,254.70

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**TOWN OF CLINTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2000**

	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 55,074.04	\$478,852.53	533,926.57
Prepaid expenses	13,480.00	6,184.83	19,664.83
Receivables, net:			
Motor vehicle fees	1,030.00	.00	1,030.00
Franchise fees	26,072.33	.00	26,072.33
Property taxes	71,493.61	.00	71,493.61
Sales taxes	.00	17,678.65	17,678.65
Accrued interest	.00	1,972.90	1,972.90
Other	6,486.07	.00	6,486.07
Due from other funds	<u>410,848.37</u>	<u>.00</u>	<u>410,848.37</u>
TOTAL ASSETS	<u><u>584,484.42</u></u>	<u><u>504,688.91</u></u>	<u><u>1,089,173.33</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	11,381.88	.00	11,381.88
Due to other funds	<u>.00</u>	<u>773.90</u>	<u>773.90</u>
Total Liabilities	11,381.88	773.90	12,155.78
Fund Balances:			
Unreserved	<u>573,102.54</u>	<u>503,915.01</u>	<u>1,077,017.55</u>
Total Fund Balances	<u><u>573,102.54</u></u>	<u><u>503,915.01</u></u>	<u><u>1,077,017.55</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>584,484.42</u></u>	<u><u>504,688.91</u></u>	<u><u>1,089,173.33</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>	<u>Streets & Sidewalks</u>	<u>Total Governmental Funds</u>
REVENUES			
Occupational licenses	\$ 75,999.50	\$.00	\$ 75,999.50
Motor vehicle fees	17,562.50	.00	17,562.50
Franchise fees	85,850.63	.00	85,850.63
Tobacco taxes	4,952.60	.00	4,952.60
State revenue sharing	5,116.00	.00	5,116.00
Interest	121.44	16,992.80	17,114.24
Other revenues	17,418.86	2,026.00	19,444.86
Fines	36,357.50	.00	36,357.50
Property taxes	63,394.73	.00	63,394.73
Sales taxes	.00	116,598.83	116,598.83
Grant proceeds	<u>26,410.46</u>	<u>88,092.81</u>	<u>114,503.27</u>
Total Revenues	333,184.22	223,710.44	556,894.66
EXPENDITURES			
Current			
General government	132,735.81	.00	132,735.81
Public safety:			
Police	198,197.90	.00	198,197.90
Fire	3,681.29	.00	3,681.29
Public works	.00	102,242.88	102,242.88
Capital outlay	30,479.41	98,883.18	129,362.59
Debt service			
Principal	12,643.06	.00	12,643.06
Interest	<u>6,652.05</u>	<u>.00</u>	<u>6,652.05</u>
Total Expenditures	<u>384,389.52</u>	<u>201,126.06</u>	<u>585,515.58</u>
Net Change in Fund Balances	(51,205.30)	22,584.38	(28,620.92)
Fund Balance, beginning	<u>624,307.84</u>	<u>481,330.63</u>	<u>1,105,638.47</u>
Fund Balance, ending	<u><u>573,102.54</u></u>	<u><u>503,915.01</u></u>	<u><u>1,077,017.55</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF CLINTON, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2000**

Total Fund Balance - Total Governmental Funds	\$1,077,017.55
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not
current financial resources and, therefore, are not
reported in the Governmental Funds Balance Sheet.

341,229.56

Long-term liabilities are not due and payable in the
current period and, therefore, are not reported in the
Governmental Funds Balance Sheet.

(118,020.51)

Total Net Assets of Governmental Activities

1,300,226.60

The accompanying notes are an integral part of this statement.

**TOWN OF CLINTON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2000**

Net Change in Fund Balances-Total Governmental Funds	\$ (28,620.92)
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Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation charged in the current period.	93,896.23
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Governmental funds report principal paid on long-term obligations as expenditures. However, in the Statement of Activities, this amount reduces the liability. This is the amount of principal paid in the current period.	12,643.06
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Proceeds from the sale of capital assets increase financial resources in governmental funds where only the gain on the sale is reported in the Statement of Activities. This is the net difference between the proceeds and the gain realized.	<u>(1,673.29)</u>
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Change in Net Assets of Governmental Activities	<u>76,245.08</u>
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The accompanying notes are an integral part of this statement.

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Streets & Sidewalks</u>	<u>Total Governmental Funds</u>
REVENUES			
Occupational licenses	\$ 79,840.80	\$.00	\$ 79,840.80
Motor vehicle fees	16,711.50	.00	16,711.50
Franchise fees	79,996.72	.00	79,996.72
Tobacco/video poker taxes	25,527.25	.00	25,527.25
State revenue sharing	6,353.00	.00	6,353.00
Interest	775.01	13,864.95	14,639.96
Other revenues	9,059.85	.00	9,059.85
Fines	46,826.50	.00	46,826.50
Property taxes	54,806.27	.00	54,806.27
Sales taxes	.00	129,577.63	129,577.63
Grant proceeds	5,444.00	.00	5,444.00
Total Revenues	325,340.90	143,442.58	468,783.48
EXPENDITURES			
Current			
General government	105,287.92	.00	105,287.92
Public safety:			
Police	186,064.06	.00	186,064.06
Fire	3,345.60	.00	3,345.60
Public works	.00	51,254.26	51,254.26
Capital outlay	25,654.00	48,601.43	74,255.43
Debt service			
Principal	11,986.94	.00	11,986.94
Interest	6,913.00	.00	6,913.00
Total Expenditures	339,251.52	99,855.69	439,107.21
Net Change in Fund Balances	(13,910.62)	43,586.89	29,676.27
Fund Balance, beginning	638,218.46	437,743.74	1,075,962.20
Fund Balance, ending	624,307.84	481,330.63	1,105,638.47

The accompanying notes are an integral part of this statement.

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2000**

	<u>Gas, Water & Sewer</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 270,953.03
Prepaid expenses	6,222.00
Accounts receivables, net	171,002.12
Unbilled receivables	41,414.85
Accrued interest receivables	<u>2,686.11</u>
Total Current Assets	492,278.11
Non-Current Assets:	
Restricted cash and cash equivalents	42,635.34
Capital Assets:	
Land	11,970.00
Building	139,446.12
Equipment	37,406.67
Vehicles	15,172.43
Gas system	1,629,985.55
Water system	233,741.06
Sewer system	1,794,492.48
Less: Accumulated depreciation	<u>(1,868,199.55)</u>
Total Non-Current Assets	<u>2,036,650.10</u>
TOTAL ASSETS	<u>2,528,928.21</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	63,174.13
Due to other funds	410,074.47
Notes payable - current portion	48,419.35
Bonds payable - current portion	<u>50,000.00</u>
Total Current Liabilities	571,667.95

Continued

TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
DECEMBER 31, 2000

	<u>Gas, Water & Sewer</u>
Non-Current Liabilities:	
Notes payable	\$ 79,308.17
Bonds payable	105,000.00
Payables from restricted assets:	
Customer deposits	<u>42,635.34</u>
Total Non-Current Liabilities	<u>226,943.51</u>
Total Liabilities	798,611.46
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	1,711,287.24
Unrestricted	<u>19,029.51</u>
Total Net Assets	<u>1,730,316.75</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>2,528,928.21</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2000 AND 1999

	Business-type Activities Enterprise Funds	
	Gas, Water & Sewer	
	<u>2000</u>	<u>1999</u>
OPERATING REVENUES		
Gas sales and service	\$ 292,755.21	\$ 286,251.08
Water sales and service	184,473.36	151,200.60
Sewer sales and service	<u>182,059.50</u>	<u>124,623.52</u>
Total Operating Revenues	659,288.07	562,075.20
OPERATING EXPENSES		
Personal services	275,731.17	197,170.05
Employee & related expenses	128,847.70	116,249.36
Occupancy	26,378.18	22,601.00
Administrative	10,677.96	13,465.81
Depreciation	<u>103,099.93</u>	<u>100,603.39</u>
Total Operating Expenses	<u>544,734.94</u>	<u>450,089.61</u>
Operating Income	114,553.13	111,985.59
NON-OPERATING REVENUES (EXPENSES)		
Interest expense	(21,443.57)	(23,945.14)
Other revenues	2,932.35	119.00
Interest	<u>3,020.14</u>	<u>4,733.92</u>
Total Non-Operating Revenues (Expenses)	<u>(15,491.08)</u>	<u>(19,092.22)</u>
Change in Net Assets	99,062.05	92,893.37
Total Net Assets, beginning	<u>1,631,254.70</u>	<u>1,538,361.33</u>
Total Net Assets, ending	<u><u>1,730,316.75</u></u>	<u><u>1,631,254.70</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2000 AND 1999**

	Business-type Activities Enterprise Funds Gas, Water & Sewer	
	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 618,083.76	\$ 499,577.79
Cash paid to employees for services	(128,847.70)	(116,249.36)
Cash paid to suppliers for goods & services	<u>(314,753.08)</u>	<u>(227,726.17)</u>
Net Cash Provided by Operating Activities	174,482.98	155,602.26
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	.00	.00
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(80,422.65)	(91,825.07)
Principal payments on revenue bonds	(45,000.00)	(45,000.00)
Interest paid on revenue bonds	(10,650.00)	(13,350.00)
Proceeds from loans	50,000.00	.00
Payments on loans	<u>(85,149.68)</u>	<u>(53,487.00)</u>
Net Cash Used for Capital and Related Financing	(171,222.33)	(203,662.07)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>334.03</u>	<u>2,047.81</u>
Net Cash Provided By Investing Activities	<u>334.03</u>	<u>2,047.81</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,594.68	(46,012.00)
Cash and Cash Equivalents, Beginning of Year	<u>309,993.69</u>	<u>356,005.69</u>
Cash and Cash Equivalents, End of Year	<u><u>313,588.37</u></u>	<u><u>309,993.69</u></u>

Continued

TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2000 AND 1999

	Business-type Activities Enterprise Funds	
	<u>Gas, Water & Sewer</u>	
	<u>2000</u>	<u>1999</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 114,553.13	\$ 111,985.59
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	103,099.93	100,603.39
(Increase) decrease in assets		
prepaid expenses	(917.00)	(1,570.00)
accounts receivable	(41,204.31)	(62,497.41)
Increase (decrease) in liabilities		
accounts payable	43,668.61	(14,125.55)
customer deposits	2,800.00	3,100.00
other liabilities	(47,517.38)	18,106.24
Total Adjustments	<u>59,929.85</u>	<u>43,616.67</u>
Net Cash Provided by Operating Activities	<u>174,482.98</u>	<u>155,602.26</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWN OF CLINTON, LOUISIANA
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000

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**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000**

INTRODUCTION

The Town of Clinton, Louisiana (hereafter referred to as the Town) was incorporated on March 9, 1852, under the provisions of the Special Charter Act 120 of 1852. The Town operates under a Mayor-Board of Aldermen form of government. The charter was amended in 1996 to allow larger fines to be assessed by the Mayor's court.

The Mayor and five Alderpersons are elected at large every four years by the citizens of the Town. They are compensated for their services.

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience and morals of its inhabitants. The Town provides fire and police protection, street maintenance, gas, water and sewer services.

The Town is situated in the northwest part of East Feliciana Parish. It is approximately 2.0 square miles in size with a population of approximately 2,004 persons. Within the boundaries are approximately 15 miles of roads maintained by the Town. It is currently servicing 850 customers through its utility department and employs 21 persons.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting and reporting practice of the Town conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute §24:517 and to the guides set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. Certain units of local government over which the Town exercises no oversight responsibility, such as the parish police jury, parish school board, and other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements.

These units of government are considered separate reporting entities and issue financial statements separate from those of the Town.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000

Government-Wide Accounting: In accordance with Government Accounting Standards Boards Statement No. 34, the Town has presented a Statement of Net Assets and Statement of Activities for the Town as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they were allocated.

Application of FASB Statements and Interpretations

Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Assets. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net assets.

Under the requirements of GASB Statement No. 34, the Town is considered a Phase 3 government as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. The Town has opted not to retroactively report these type of capital assets.

Program Revenues

The Statement of Activities presents three categories of program revenues - (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000

Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Town. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for a specific use.

Direct/Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Town has chosen not to do so.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Town's operation of providing gas, water and sewer services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Restricted Net Assets

Restricted net assets are those for which a constraint has been imposed either externally or by law. The Town recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

Fund Accounting: The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund - the general operating fund of the Town and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Fund - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000

Proprietary Funds: Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise Funds - account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting/Measurement Focus: The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred, regardless of when the related cash flows take place, in the Statement of Activities. Non-exchange transactions such as property taxes and grants are recognized in the year for which the taxes were levied or when the eligibility requirements are met. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The Town considers all revenues available if they are collected within sixty (60) days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting: The Town adopts an annual budget for the General Fund, Special Revenue Fund and Enterprise Fund. It is prepared in accordance with the basis of accounting utilized by that fund. Any revisions that alter the total expenditures must be approved by the Board of Alderpersons. Budgeted amounts shown are as originally adopted or as amended by the Board. Budget amendments are passed on an as-needed basis. A balanced budget is required.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000

Cash and Cash Equivalents: Cash includes amounts in demand deposits, interest bearing demand deposits and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments: Investments are limited by Louisiana Revised Statute §33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The Town did not have any certificates of deposit or other investments with maturities extending beyond 90 days.

Restricted Assets: Certain proceeds of the enterprise fund are classified as restricted assets on the balance sheet because their use is limited. Components of these assets are as follows:

	<u>Customer Deposits</u>
Certificates of deposit	<u>\$ 42,635.34</u>

Prepaid Expenses: Insurance policies paid for future coverages are shown in the accompanying financial statements as prepaid expenses.

Capital Assets: The Town's assets are recorded at historical cost. Contributed assets, if any, are reported at estimated fair value at the time of the donation. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Buildings	40 years	Vehicles	7-10 years
Equipment	4-10 years	Infrastructure	40-50 years
Office furniture	5-7 years		

The Town's capitalization policy includes adding all assets with a value of \$500 or more. However, assets that are less in value may be capitalized if their use will benefit more than one period such as weapons or radio equipment.

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the general purpose financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the Town has elected to not report its governmental infrastructure retroactively. The infrastructure currently being depreciated over a period of 40-50 years is the gas, water and sewer systems that is reported in the business-type activities of the Town. From this point forward, the basic approach will be used to report governmental activities infrastructure.

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000**

Compensated Absences: The Town does not have compensated absences.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Net Assets/Fund Balances: In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets is as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific use.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

Interfund Transactions: All interfund transactions, except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

Sales Taxes: East Feliciana Parish Police Jury levies a 4% sales tax. After deducting solid waste, school board and collection fees from the gross received, the Town receives the balance of 12.4021%. Sales taxes are dedicated for street maintenance and improvements.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000

Property Taxes: Ad valorem taxes authorized and levied for the years 1999 and 2000, were 6.66 mills. These funds are received by the general fund and are not dedicated. Total assessed value of property within the Town is \$7,077,800.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand (book balances) at December 31, 2000, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Petty cash	\$ 100.00	\$.00
Demand deposits	66,295.00	235,283.07
Interest-bearing demand deposits	.00	16,105.30
Time deposits	<u>467,531.57</u>	<u>62,200.00</u>
Total	<u>533,926.57</u>	<u>313,588.37</u>

These deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2000, the Town had \$839,924.54 in deposits. These deposits are secured from risk by \$700,000.00 of federal deposit insurance and \$1,217,974.08 in pledged collateral. Bank balances are as follows:

General Fund	\$ 56,300.50
Special Revenue Fund	470,236.81
Enterprise Fund	<u>313,387.23</u>
Total	<u>839,924.54</u>

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE 3 - RECEIVABLES

The following is a summary of receivables at December 31, 2000:

<u>Class</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$.00	\$.00	\$ 265,521.21	\$ 265,521.21
Accrued interest	.00	1,972.90	2,686.11	4,659.01
Taxes:				
Franchise	26,072.33	.00	.00	26,072.33
Property	121,515.78	.00	.00	121,515.78
Sales	.00	17,678.65	.00	17,678.65
Other	<u>7,516.07</u>	<u>.00</u>	<u>.00</u>	<u>7,516.07</u>
Sub-total	155,104.18	19,651.55	268,207.32	442,963.05
Less: Allowance for bad debts	<u>50,022.17</u>	<u>.00</u>	<u>53,104.24</u>	<u>103,126.41</u>
Net	<u>105,082.01</u>	<u>19,651.55</u>	<u>215,103.08</u>	<u>339,836.64</u>

Utility meters are read between the 18th and 25th of each month and bills are computed and mailed by the last day of the month. The amount of gas and water used from the date the meter is read until the end of the month is an unbilled receivable in the Enterprise Fund. At December 31, 2000 and 1999, respectively, unbilled receivables were \$41,414.85 and \$30,590.23.

An allowance for bad debts is determined by a percentage based on prior years' experience. At December 31, 2000 and 1999, the allowance was calculated as \$53,104.24 and \$55,198.07, respectively, in the Enterprise Fund.

In the General Fund, an allowance was computed of \$50,022.17 at December 31, 2000, and \$43,744.64 at December 31, 1999, for ad valorem taxes that are considered to be uncollectible. Efforts are underway, however, to attempt to collect these taxes for prior years.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2000, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Land	\$ 1,000.00	\$.00	\$.00	\$ 1,000.00
Buildings and improvements	199,963.71	.00	.00	199,963.71

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000

	Beginning Balance	Additions	Retirements	Ending Balance
Sidewalks	13,543.43	98,883.18	.00	112,426.61
Equipment	96,785.73	22,994.00	.00	119,779.73
Office furniture	330.85	1,428.41	.00	1,759.26
Vehicles	153,159.95	6,057.00	4,202.00	155,014.95

Totals at Historical Cost 464,783.67 129,362.59 4,202.00 589,944.26

Less Accumulated Depreciation for:

Buildings and improvements	41,507.20	4,125.00	.00	45,632.20
Sidewalks	397.03	3,575.94	.00	3,972.97
Equipment	43,991.95	20,304.81	.00	64,296.76
Office furniture	330.85	102.53	.00	433.38
Vehicles	129,550.02	7,358.08	2,528.71	134,379.39

Total Accumulated
Depreciation for:

215,777.05 35,466.36 * 2,528.71 248,714.70

Governmental Activities Capital
Assets, Net

249,006.62 93,896.23 1,673.29 341,229.56

Business-type Activities

Land	11,970.00	.00	.00	11,970.00
Building and improvements	88,329.63	51,116.49	.00	139,446.12
Equipment	37,406.67	.00	.00	37,406.67
Vehicles	15,172.43	.00	.00	15,172.43
Gas system	1,629,985.55	.00	.00	1,629,985.55
Water system	233,741.06	.00	.00	233,741.06
Sewer system	1,765,186.32	29,306.16	.00	1,794,492.48

Totals at Historical Cost 3,781,791.66 80,422.65 .00 3,862,214.31

Less Accumulated Depreciation for:

Building and improvements	4,787.50	4,149.56	.00	8,937.06
Equipment	16,065.56	3,045.02	.00	19,110.58
Vehicles	11,444.88	518.81	.00	11,963.69
Gas system	551,950.90	39,352.52	.00	591,303.42
Water system	178,765.46	2,032.36	.00	180,797.82
Sewer system	1,002,085.32	54,001.66	.00	1,056,086.98

Total Accumulated
Depreciation for:

1,765,099.62 103,099.93 .00 1,868,199.55

Business-type Activities Capital
Assets, Net

2,016,692.04 (22,677.28) .00 1,994,014.76

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000

*Depreciation expense was charged to governmental functions as follows:

General government	\$ 4,125.00
Public safety	13,516.82
Public works	<u>17,824.54</u>
 Total Depreciation Expense	 <u>35,466.36</u>

NOTE 5 - INTERFUND TRANSACTIONS

Amounts receivable and payable between funds are as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 410,848.37	\$.00
Special Revenue Fund	.00	773.90
Enterprise Fund	<u>.00</u>	<u>410,074.47</u>
 Total	 <u>410,848.37</u>	 <u>410,848.37</u>

There were no transfers to and from funds during the year.

NOTE 6 - ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2000:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts (including withholdings)	\$ 11,381.88	\$ 63,174.13	\$74,556.01
Customer deposits	.00	42,635.34	42,635.34
Notes	118,020.51	127,727.52	245,748.03
Bonds	<u>.00</u>	<u>155,000.00</u>	<u>155,000.00</u>
 Total	 <u>129,402.39</u>	 <u>388,536.99</u>	 <u>517,939.38</u>

NOTE 7 - LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2000, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities				
General obligation debt	<u>\$ 139,663.57</u>	<u>\$.00</u>	<u>\$ 12,643.06</u>	<u>\$ 118,020.51</u>

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000

The Town executed a certificate of indebtedness on June 4, 1998, for \$148,500 for the purchase of the building in which it is currently housed. Monthly payments of \$1,575.07 are being made over a period of ten years at an interest rate of five percent. Maturities over the next five years are as follows:

Principal due in:	2001	\$ 13,302.60
	2002	13,983.18
	2003	14,698.59
	2004	15,450.60
	2005	16,241.08
Principal remaining after 12/31/05		<u>44,344.46</u>
Total		<u>118,020.51</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Business-Type Activities				
Revenue bonds	200,000.00	.00	45,000.00	155,000.00
Water/sewer note	152,083.63	.00	43,674.62	108,409.01
Sewerage note	.00	50,000.00	30,681.49	<u>19,318.51</u>
Total Business-Type Activities	<u>352,083.63</u>	<u>50,000.00</u>	<u>119,356.11</u>	<u>282,727.52</u>

Bonds were originally issued in 1976 in the amount of \$700,000 with a maturity of June, 2003.

A construction loan held by Clinton Bank & Trust Co., which was refinanced in February of 1993, was made for the purpose of improving the Town's water and sewer systems. The original amount of \$401,479.90 was financed for 120 months at \$4,457.25 per month.

In its initial stages, a project was begun to upgrade and improve the Town's sanitary sewerage system in order to comply with EPA's National Pollution Discharge Elimination System. In May of 2000, the Town was authorized to borrow up to \$425,000 from the Clinton Bank & Trust Co. for a period of ten years at an interest rate of five percent with monthly payments of \$4,523.24. Only \$50,000 was received as of December 31, 2000, and repayment began on June 26, 2000.

Maturities over the next five years on these long-term obligations are as follows:

<u>Principal Due In</u>	<u>Revenue Bond</u>	<u>Water/ Sewer</u>	<u>Sewerage</u>
2001	\$ 50,000.00	\$ 48,537.16	\$ 19,318.51
2002	50,000.00	51,530.84	.00
2003	55,000.00	8,341.01	.00
Total	<u>155,000.00</u>	<u>108,409.01</u>	<u>19,318.51</u>

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE 8 - PENSION PLAN

The Town pays social security and medicare on its employees. No other system of retirement is currently in place for personnel outside of the police department. Police officers are covered under the Municipal Police Employees Retirement System of Louisiana.

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least twelve years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual, publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained in writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by called (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by State statute. As provided by Louisiana Revised Statute §11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Town's contributions to the System for the year ended December 31, 2000 and 1999, were \$10,998.86 and \$11,186.15, respectively, equal to the required contributions for those years.

NOTE 9 - LEVIED TAXES

Property taxes are due on January 1st and become delinquent after December 31st. The Town receives its property taxes through the East Feliciana Parish Police Jury

The following are the principal taxpayers for the Town:

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage</u>
Felician Bank & Trust Co.	\$ 887,570.	12.54%
Clinton Bank & Trust Co.	490,990.	6.94%
Bellsouth Telecommunications	364,260.	5.15%
Clinton Bank & Trust Co.	101,340.	1.43%

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage</u>
Entergy/Gulf States	85,970.	1.21%
Feliciano Bank & Trust Co.	72,250.	1.02%
Billy Joe & Joan B. Buzbee	66,830.	.94%
Pac Tec	60,890.	.86%
Clinton Sunflower	57,770.	.82%
Partner's Rental, Inc.	53,900.	.76%

NOTE 10 - PROPRIETARY FUND SEGMENT INFORMATION

The Town maintains one enterprise fund which provides gas, water and sewer services. Segment information for the year ended December 31, 2000, is as follows:

Condensed Statement of Net Assets

Current assets	\$ 492,278.11
Restricted assets	42,635.34
Capital assets, net	<u>1,994,014.76</u>
 Total Assets	 2,528,928.21
 Interfund payables	 410,074.47
Current liabilities	161,593.48
Non-current liabilities	<u>226,943.51</u>
 Total Liabilities	 <u>798,611.46</u>
 Invested in capital assets, net	 1,711,287.24
Unrestricted	<u>19,029.51</u>
 Total Net Assets	 <u><u>1,730,316.75</u></u>

**Condensed Statement of Revenues,
Expenses and Changes in Net Assets**

Operating revenues	659,288.07
Operating expenses	441,635.01
Depreciation	<u>103,099.93</u>
 Operating income	 114,553.13
 Non-operating revenue (expenses)	
Interest income	3,020.14
Other income	2,932.35
Interest expense	<u>(21,443.57)</u>
 Change in Net Assets	 99,062.05

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000**

Beginning net assets	<u>1,631,254.70</u>
Ending net assets	<u>1,730,316.75</u>
Condensed Statement of Cash Flows	
Net cash provided by (used for)	
Operating activities	174,482.98
Non-capital financing activities	.00
Capital and related financing activities	(171,222.33)
Investing activities	<u>334.03</u>
Net increase	3,594.68
Beginning cash and cash equivalents	<u>309,993.69</u>
Ending cash and cash equivalents	<u>313,588.37</u>

NOTE 11 - RELATED PARTY TRANSACTIONS

There were no related party transactions that came to our attention during the audit.

NOTE 12 - LITIGATION

There is no litigation that came to our attention that would require disclosure in the accompanying financial statements.

NOTE 13 - STATEMENT OF CASH FLOWS FOR PROPRIETARY FUNDS

For purposes of the Statement of Cash Flows, for proprietary fund types, all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased are considered to be cash equivalents.

NOTE 14 - NET ASSETS RESTATED

In the government-wide financial statements, capital assets not previously recorded in governmental activities were recorded in accordance with GASB Statement No. 34. The depreciation that would have impacted the change in net assets in prior years was also considered. Long-term debt obligations of the general fund were taken into account in computing beginning net assets. The restatement of beginning net assets at January 1, 1999, was computed as follows:

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000

	Net Assets, as <u>Previously Reported</u>	<u>Adjustment</u>	Net Assets, <u>As Restated</u>
Governmental Activities			
Capital assets	\$.00	\$ 403,041.67	\$ 403,041.67
Accumulated depreciation	.00	(213,570.95)	(213,570.95)
Unrestricted	<u>944,563.05</u>	<u>.00</u>	<u>944,563.05</u>
 Total at 12/31/98	 <u>944,563.05</u>	 <u>189,470.72</u>	 <u>1,134,033.77</u>

NOTE 15 - SUBSEQUENT EVENTS

There were no subsequent events that came to our attention that would have a material affect on the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 of 2)

**TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2000**

	General Fund			Streets and Sidewalks		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES						
Occupational licenses	\$ 80,000.00	\$ 75,999.50	\$ (4,000.50)	\$.00	\$.00	\$.00
Motor vehicle fees	15,000.00	17,562.50	2,562.50	.00	.00	.00
Franchise fees	83,000.00	85,850.63	2,850.63	.00	.00	.00
Tobacco taxes	9,905.00	4,952.60	(4,952.40)	.00	.00	.00
State revenue sharing	6,541.00	5,116.00	(1,425.00)	.00	.00	.00
Interest	800.00	121.44	(678.56)	11,000.00	16,992.80	5,992.80
Other revenues	8,400.00	17,418.86	9,018.86	.00	2,026.00	2,026.00
Fines	49,600.00	36,357.50	(13,242.50)	.00	.00	.00
Property taxes	53,900.00	63,394.73	9,494.73	.00	.00	.00
Sales tax	.00	.00	.00	114,000.00	116,598.83	2,598.83
Grant proceeds	.00	26,410.46	26,410.46	.00	88,092.81	88,092.81
Total Revenues	307,146.00	333,184.22	26,038.22	125,000.00	223,710.44	98,710.44
EXPENDITURES						
Current						
General government	95,095.00	132,735.81	(37,640.81)	.00	.00	.00
Public safety:						
Police	176,535.00	198,197.90	(21,662.90)	.00	.00	.00
Fire	3,800.00	3,681.29	118.71	.00	.00	.00
Public works	.00	.00	.00	110,000.00	102,242.88	7,757.12
Capital outlay	7,500.00	30,479.41	(22,979.41)	15,000.00	98,883.18	(83,883.18)
Debt service						
Principal	.00	12,643.06	(12,643.06)	.00	.00	.00
Interest	6,800.00	6,652.05	147.95	.00	.00	.00
Total Expenditures	289,730.00	384,389.52	(94,659.52)	125,000.00	201,126.06	(76,126.06)
Net Change in Fund Balances	17,416.00	(51,205.30)	(68,621.30)	.00	22,584.38	22,584.38
Fund Balance, beginning	624,308.00	624,307.84	(.16)	481,331.00	481,330.63	(.37)
Fund Balance, ending	<u>641,724.00</u>	<u>573,102.54</u>	<u>(68,621.46)</u>	<u>481,331.00</u>	<u>503,915.01</u>	<u>22,584.01</u>

The budget amounts indicated above are the original amounts. There were no amendments made during the year.

**TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 1999**

	General Fund			Streets and Sidewalks		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES						
Occupational licenses	\$ 84,000.00	\$ 79,840.80	\$ (4,159.20)	\$.00	\$.00	\$.00
Motor vehicle fees	4,000.00	16,711.50	12,711.50	.00	.00	.00
Franchise fees	88,500.00	79,996.72	(8,503.28)	.00	.00	.00
Tobacco/video poker taxes	25,505.00	25,527.25	22.25	.00	.00	.00
State revenue sharing	6,412.00	6,353.00	(59.00)	.00	.00	.00
Interest	800.00	775.01	(24.99)	8,500.00	13,864.95	5,364.95
Other revenues	8,300.00	9,059.85	759.85	.00	.00	.00
Fines	42,000.00	46,826.50	4,826.50	.00	.00	.00
Property taxes	53,800.00	54,806.27	1,006.27	.00	.00	.00
Sales tax	.00	.00	.00	110,000.00	129,577.63	19,577.63
Grant proceeds	10,888.00	5,444.00	(5,444.00)	.00	.00	.00
Total Revenues	324,205.00	325,340.90	1,135.90	118,500.00	143,442.58	24,942.58
EXPENDITURES						
Current						
General government	106,493.00	105,287.92	1,205.08	.00	.00	.00
Public safety:						
Police	174,663.00	186,064.06	(11,401.06)	.00	.00	.00
Fire	4,800.00	3,345.60	1,454.40	.00	.00	.00
Public works	.00	.00	.00	69,500.00	51,254.26	18,245.74
Capital outlay	7,500.00	25,654.00	(18,154.00)	49,000.00	48,601.43	398.57
Debt service						
Principal	.00	11,986.94	(11,986.94)	.00	.00	.00
Interest	6,600.00	6,913.00	(313.00)	.00	.00	.00
Total Expenditures	300,056.00	339,251.52	(39,195.52)	118,500.00	99,855.69	18,644.31
Net Change in Fund Balances	24,149.00	(13,910.62)	(38,059.62)	.00	43,586.89	43,586.89
Fund Balance, beginning	638,218.00	638,218.46	.46	437,744.00	437,743.74	(.26)
Fund Balance, ending	662,367.00	624,307.84	(38,059.16)	437,744.00	481,330.63	43,586.63

The budget amounts indicated above are the original amounts. There were no amendments made during the year.

SUPPLEMENTAL INFORMATION

JOHN D. BUTLER & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION
P. O. BOX 30
BAKER, LOUISIANA 70704-0030

(504) 775-4982

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

February 14, 2001

The Honorable H. Toler Hatcher, Mayor,
and Members of the Board of Aldermen
Town of Clinton, Louisiana
P.O. Box 513
Clinton, Louisiana 70722

We have audited the general purpose financial statements of the Town of Clinton, Louisiana, as of and for the two years ended December 31, 2000, and have issued our report thereon dated February 14, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Clinton, Louisiana's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Town of Clinton, Louisiana in a separate letter dated February 14, 2001.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Clinton, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and

not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Town of Clinton, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described in the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of the Town of Clinton, Louisiana in a separate letter dated February 14, 2001.

This report is intended solely for the information and use of the Board of Alderpersons, management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute §24:513, this report is distributed by the Legislative Auditor as a public document.



John D. Butler & Company
A Professional Accounting Corporation

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
YEAR ENDED DECEMBER 31, 2000**

The schedule of compensation paid to governing members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana legislature.

Mayor

H. Toler Hatcher	\$ 5,100.00
------------------	-------------

Board Members

W. W. Carter, Jr.	1,560.00
Pamela Calhoun	1,430.00
Charles F. Haynes	130.00
Jack Kilcrease	1,560.00
Morgan Montgomery	1,560.00
George Kilbourne	<u>1,560.00</u>

Total Paid	<u>12,900.00</u>
------------	------------------

TOWN OF CLINTON, LOUISIANA
COMPARATIVE SCHEDULES OF OPERATING EXPENSES
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<u>Personal Services:</u>		
Repairs and materials	\$ 59,477.28	\$ 48,364.68
Gas purchases	175,268.16	110,821.55
Sewer testing fees	3,851.20	3,533.00
Electricity	36,504.27	30,841.73
Pumpage fees	630.26	428.14
Engineering services	<u>.00</u>	<u>3,180.95</u>
Total Personal Services	275,731.17	197,170.05
<u>Employee & Related Expenses:</u>		
Salaries	118,707.93	107,876.81
Payroll taxes	5,897.53	5,421.48
Uniforms	3,179.99	2,279.07
Drug Testing	<u>1,062.25</u>	<u>672.00</u>
Total Employee & Related Expenses	128,847.70	116,249.36
<u>Occupancy:</u>		
Insurance	25,086.70	22,601.00
Telephone	<u>1,291.48</u>	<u>.00</u>
Total Occupancy	26,378.18	22,601.00
<u>Administrative:</u>		
Bank charges	894.26	669.63
Dues & subscriptions	3,593.20	1,083.44
Office expense	6,190.50	5,212.74
Professional fees	<u>.00</u>	<u>6,500.00</u>
Postage		
Total Administrative	10,677.96	13,465.81
<u>Depreciation:</u>		
Depreciation - gas	39,352.52	39,352.52
Depreciation - water	2,032.36	2,032.36
Depreciation - sewer	54,001.66	53,113.60
Depreciation - other	<u>7,713.39</u>	<u>6,104.91</u>
Total Depreciation	<u>103,099.93</u>	<u>100,603.39</u>
Total Operating Expenses	<u><u>544,734.94</u></u>	<u><u>450,089.61</u></u>

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2000**

We have audited the financial statements of the Town of Clinton, Louisiana as of and for the two years ended December 31, 2000, and have issued our report thereon dated February 14, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2000, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

- A. Report on Compliance and Internal Control Material to the Financial Statements
- | | | | |
|------------------|----------------------------|-------------------------------------|-----|
| Compliance | Compliance Material to F/S | <input checked="" type="checkbox"/> | No |
| Internal Control | Material Weakness | <input checked="" type="checkbox"/> | Yes |
| | Reportable Condition | <input checked="" type="checkbox"/> | Yes |
- B. Federal Awards
N/A
- C. Identification of Major Programs
N/A

Section II Financial Statement Findings

00.1 BASIS OF ACCOUNTING

The books and records of the Town are not maintained on the modified accrual basis of accounting.

In order to meet the objectives of financial reporting, generally accepted accounting principles should be followed. One of the principles of these objectives states that the modified accrual basis, or accrual basis for proprietary funds, of accounting should be utilized in measuring financial position and operating results. The cash basis currently being used does not allow recognition of tax assessments nor does it allow recognition of utility receivables. This results in insufficient information for decision-making, evaluating performance and effective reconciliations of receivables.

It is our recommendation that the Town's books be maintained on the modified accrual or accrual basis of accounting, depending on the type of fund. All receivables should be reconciled on a monthly basis so that any discrepancies can be detected and corrected on a timely basis. This process will identify excessive past due amounts allowing the appropriate action to be taken to secure collection in a timely manner.

Section III Federal Award Findings and Questioned Costs

N/A

JOHN D. BUTLER & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION
P. O. BOX 30
BAKER, LOUISIANA 70704-0030

(504) 775-4982

MANAGEMENT LETTER

February 14, 2001

The Honorable H. Toler Hatcher, Mayor
and the Board of Alderpersons
Town of Clinton, Louisiana
P. O. Box 513
Clinton, Louisiana 70722

During the course of our audit, we noted several areas of concern that we would like to bring to your attention.

Management Points

M00.1 DEPOSITS MADE DAILY AND INTACT

Condition Checks are being cashed from utility collections and third party checks are being accepted for amounts larger than the amount owed.

Deposits should be made daily and intact. This means that the cash and checks received should reconcile to the cash and checks deposited. In addition, third party checks should not be accepted because of potential problems associated with bad checks.

Recommendation It is our recommendation that deposits be made either at the start or end of each day. If made at the start of the day for the prior day's receipts, the collections should be placed in a locked safe with limited access. A policy should be adopted to prohibit the use of these funds for cashing checks and to prohibit the acceptance of third party checks.

M00.2 EMPLOYEE TAXES AND REPORTING

Condition An employee of the Town is being paid additional wages for janitorial services for which no reporting is made nor taxes paid. In addition, unemployment taxes are not being paid on part-time employees and reserve officers.

All wages paid to employees should be included on Form W-2 at the end of the year. In

addition, the appropriate withholdings and payroll taxes should be paid on these amounts. Unemployment taxes are applicable to all wages paid whether the employee is full or part-time.

Recommendation We recommend that the fees paid for janitorial services to an existing employee of the Town be included in his reportable salary with the appropriate taxes withheld and paid. We also recommend that part-time employees and reserve officers be included on unemployment reports. This should be implemented immediately.

M00.3 FINES FROM TICKETS ISSUED

Condition There are no procedures in place to track tickets from the point of issuance to the offender to its final disposition whether paid, court appearance or other. In addition, reconciliations are not made between the court records and cash receipts.

For enhanced controls over collections, it is always important to reconcile the subsidiary records (police department) to the general ledger.

Recommendation It is our recommendation that procedures be put into place to track all tickets from the point when the officer receives a ticket book to the point of final disposition. A log of ticket books issued should include the name of the officer to whom it is issued, the date issued and the date that each ticket was returned to the police department. This log should be periodically reconciled to the court docket to ensure that all tickets written are included. A monthly reconciliation of fines collected should be reconciled to the cash receipts journal.

M004. BUDGET AUTHORITY

Condition The Town is not in compliance with the Louisiana Local Government Budget Act, Louisiana Revised Statute §39:1310.

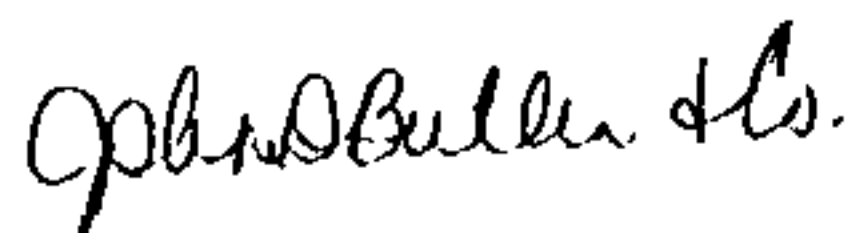
This statute states that the, "...chief executive or administrative officer shall advise the governing authority or independently elected official in writing when: // (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more." In 1999, the general fund's actual expenditures exceeded budgeted amounts by \$39,196 or 13%. Of this amount, 46% was attributable to capital outlay and 46% was attributable to principal paid on long-term debt that was not considered in the adopted budget. The general fund's actual expenditures exceeded budgeted amounts by 33% or \$94,660 in 2000. Capital outlay totaled 24% of this overage. The special revenue fund's actual expenditures were \$76,126 or 61% over budgeted amounts. All of this can be contributed to capital outlay during the year.

The Honorable H. Toler Hatcher, Mayor
and the Board of Alderpersons
February 14, 2001
Page 3

Recommendation It is our recommendation that anticipated capital outlay and principal debt repayment be considered in the annual budget. In addition, the budget should be reviewed on a periodic basis to determine whether it is still accurate considering the actual expenditures that have occurred up to that point and with better knowledge of anticipated projects and events that will occur prior to year end. If appropriate, the budget should be amended.

These management points are intended to constructively assist you in enhancing the Town's internal control over financial reporting as well as facilitate effective tools for managing the assets of the Town. If you would like us to further discuss them with you during implementation, please call.

Sincerely,

A handwritten signature in cursive script that reads "John D. Butler & Co.".

John D. Butler & Co., APAC

**TOWN OF CLINTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2000**

Section I Compliance and Internal Control Material to the Financial Statements

98.1 Basis of Accounting <i>Recommendation:</i> Books and records should be maintained on the modified or accrual basis of accounting, depending on the fund type	<i>Unresolved:</i> See 00.1 in the Schedule of Findings and Questioned Costs
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Section II Compliance and Internal Control Material to Federal Awards

N/A

Section III Management Letter

(1) Unpaid Property Taxes 12/94	To review past due accounts and take necessary legal action	Partially resolved
M98.1 Disposition of Tickets 12/98	To maintain a numerical log of tickets issued and prepare agenda for each docket with minutes	Resolved
M98.2 Budgeting 12/98	To hold public hearing in November according to state law	Resolved
M98.3 Employee Taxes and Reporting 12/98	To include alderpersons in payroll reporting and withhold appropriate taxes	Resolved
M98.4 Minutes of Meetings 12/98	To have Mayor sign minutes only after all supporting documentation referenced is attached	Resolved

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2000**

Section I Compliance and Internal Control Material to the Financial Statements

00.1 Basis of Accounting	<p><i>Contact:</i> Emily Bentley, Town Clerk; Sharon LeBlanc, Utility Clerk</p> <p><i>Plan:</i> The basis of accounting will be changed and monthly reconciliations will be performed at the end of each month.</p> <p><i>Completion Date:</i> 7/01</p>
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Section II Compliance and Internal Control Material to Federal Awards

N/A

Section III Management Letter

M00.1 Deposits Made Daily and Intact	<p><i>Contact:</i> Mayor Hatcher</p> <p><i>Plan:</i> A policy will be adopted to prohibit the use of public funds to cash checks or accept third party checks.</p> <p><i>Completion Date:</i> 4/01</p>
M00.2 Employee Taxes and Reporting	<p><i>Contact:</i> Emily Bentley, Town Clerk</p> <p><i>Plan:</i> Janitorial fees paid will be included in salaries and part-time employees and reserve officers will be properly reported.</p> <p><i>Completion Date:</i> Retroactive to 1/1/01</p>
M00.3 Fines from Tickets Issued	<p><i>Contact:</i> Police Chief Stewart</p> <p><i>Plan:</i> A new tracking program was put into place. Its capabilities will be more efficiently utilized to comply with reconciliation requirements.</p> <p><i>Completion Date:</i> 4/01</p>
M00.4 Budget Authority	<p><i>Contact:</i> Mayor Hatcher</p> <p><i>Plan:</i> Meeting agendas will include a review of the budget on a quarterly basis at the least. Necessary amendments will be timely approved.</p> <p><i>Completion Date:</i> 4/01</p>